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New Study on GM Cotton Farming

Crop yields from India's first genetically modified crop may have been overemphasized, as modest rises in crop yields may come at the expense of sustainable farm management, says a new study by a Washington University in St. Louis anthropologist.

The study compares village yields in 2003 and 2007, which conveniently had very similar levels of rainfall. Cotton yields rose 18 percent with the adoption of genetically modified seeds, it says. This is less than what has been reported in some economics studies, but much better than activists have claimed. Pesticide sprayings also were down by 55 percent with the switch to genetically modified seed.

The crop in question is GM cotton, genetically modified to produce its own insecticide. Approved for Indian farmers since 2002, the technology is being closely watched because it is the most widely planted GM crop on small farms in the developing world.

Many activists and commentators, have accused Bt cotton of failing, ruining small farmers and causing suicides. Several studies by economists, however, have shown GM cotton farmers to be getting higher yields when compared with planters of conventional cotton.

The adopters of the new seeds tend to be the most prosperous and well-financed farmers, who were getting better yields than other farmers even before GM seeds were adopted. The research project used a different strategy to assess the seeds' performance.

The study conducted long-term research in four villages in Andhra Pradesh, India. It is found that

in 2003, none of the village farmers had adopted GM seeds, but by 2007, adoption was 100 percent. The study also examined overall farm management, finding that the new seeds have come with their own set of problems.

Conditions in the cotton fields change quickly. Populations of insects not affected by Bt have now begun to explode. Cotton farmers enthusiastically adopted pesticide sprays in the 1990s, only to watch them quickly lose their effectiveness.

Before GM seeds appeared, these farmers had to contend with seed and spray brands and technologies that changed so quickly that the process of judicious experimentation and adoption had broken down, the study says.

The technology in genetically modified seeds is already starting to change at an even faster pace than conventional seeds and pesticides.

Looking beyond the field level to the farm level, the real problem was a set of factors that eroded the normal process of farmer evaluation of technologies — there were too many rapid, indecipherable changes. Each new technology — hybrids, then pesticide after pesticide — brought short-term gains but further eroded farm management. GM cotton has raised yields on average, but already one can see erosion of benefits as non-target pest populations are booming. It has also brought a quickening of technological change and indecipherability, which is the real underlying problem.

(The study by Glenn Stone, PhD, professor of anthropology in Arts & Sciences, Washington University, in St. Louis appeared in the issue of the journal World Development).

Seminar at World Bank on Cotton Price Volatility, Transparency of Cotton Supply and Use and Trade Policies

A Seminar on the topic of "Cotton Price Volatility, Transparency of Cotton Supply and Use and Trade Policies" was held at World Bank on February 08, 2011. The objectives of the Seminar was stated to be to explore the underlying reasons for cotton price volatility, to encourage the collection and publication of timely, relevant and accurate statistics on cotton supply and use, to encourage standardisation of the reporting of cotton statistics to place special emphasis on the responsibility of Governments to collect and publish data on physical stocks, and to encourage transparency and predictability in government policies and programmes that affect the cotton sector. The Seminar is held in the background of the extremely high volatility of cotton prices in 2010-11. Points from a report prepared by the ICAC in this connection are mentioned below:

World cotton prices rose sharply to record levels during the first half of the season. Since the start of the season, the Cotlook A Index gained 115 cents per pound or 134 per cent higher, exceeding two dollars per pound by the beginning of February 2011. Just during January 2011, the Index rose by 25 cents per pound, up 15 per cent, and reached 197 cents per pound. The season average Index reached 140 cents per pound, 80 per cent higher than the 2009-10 average of 77.5 cents. The New York futures contract at the Interncontinental Cotton Exchange (ICE) for March 2011 delivery rose from 77 cents on August 2, 2010, to a record of 176 cents on February 2, 2011. During the same period, the futures contract for October 2011 delivery (2011-12 crop) rose from 75 cents to 133 cents indicating a possibility of lower prices in 2011-12.

Price volatility is extremely high this season. The volatility in the Cotlook A Index estimated by calculating the spread between the minimum and maximum values of the Index, reached over a given period of time and dividing it by the average, averaged 80 per cent this season through January 31, 2011. This level of seasonal volatility was recorded only once in 1986-87. Data from the ICE indicates that commercial and speculative open position changed almost at an equal rate during 2010-11. The data supports the notion that the current surge in prices was caused by fundamental factors and not by increased speculative activity. This is a major difference from the March 2008 situation, when a sharp spike in prices was caused by a major increase in speculative positions at the Exchange.

Very low world stocks of cotton, limited supply, robust demand and a depreciation of US dollar may have caused the surge in prices during 2010-11, states the ICAC report. The season started with a very low level of world cotton stocks estimated at 8.9 million tonnes, the lowest since 1993-94. The world ending stocks-to-use ratio in 2010-11 is estimated at 37 per cent, the only seasons with lower levels were in 2009-10 and 1990-91, when a ratio of 36 per cent was recorded. By the end of 2011-12, stocks are expected to be 11.2 million tonnes, equalling 44 per cent of expected use.

The ICAC is expected to give a gist of the results of discussions at the Seminar and the same would be given in the weekly as and when they become available.

(Source: ICAC Release)

Cotton Arrivals Cross Last Year's Level

According to the data compiled by the Cotton Corporation of India, market arrivals of cotton so far this year have surpassed the level reached by the same period in 2009-10. The state-wise arrivals by the second week of February are stated to be as under:

(in lakh bales)

State	Arrivals upto February 13	
	2009-10	2010-11
Punjab	13.52	14.54
Haryana	13.00	11.33
Rajasthan	9.83	8.31
Total North Zone	36.35	34.18
Gujarat	67.10	68.95
Maharashtra	39.15	54.27
Madhya Pradesh	10.15	12.21
Total Central Zone	116.40	135.43
Andhra Pradesh	30.70	33.91
Karnataka	6.10	5.92
Tamil Nadu	3.55	2.49
Total South Zone	40.35	42.32
Other States	1.00	2.63
Loose Cotton	9.10	-
All-India	203.20	214.56

As may be seen, the maximum increase in arrivals is in the Central zone accounted for almost fully by Maharashtra.

SUPPLY AND DISTRIBUTION OF COTTON**February 01, 2011**

Years Beginning August 1	Million Metric Tons					
	2006/07	2007/08	2008/09	2009/10 Est.	2010/11 Proj.	2011/12 Proj.
BEGINNING STOCKS						
WORLD TOTAL	12.550	12.782	12.225	11.942	8.87	9.21
China(Mainland)	3.991	3.653	3.321	3.585	2.94	2.71
USA	1.321	2.064	2.188	1.380	0.64	0.44
PRODUCTION						
WORLD TOTAL	26.747	26.020	23.324	21.778	25.05	27.40
China (Mainland)	7.975	8.071	8.025	6.850	6.40	7.21
India	4.760	5.219	4.930	5.050	5.72	6.01
USA	4.700	4.182	2.790	2.654	3.99	4.05
Pakistan	2.121	1.876	1.891	2.019	1.83	2.18
Brazil	1.524	1.602	1.214	1.194	1.84	1.95
Uzbekistan	1.171	1.206	1.000	0.850	1.00	1.10
Others	4.496	3.864	3.474	3.161	4.28	4.90
CONSUMPTION						
WORLD TOTAL	26.418	26.498	23.518	24.614	24.70	25.38
China (Mainland)	10.600	10.900	9.265	9.867	9.82	10.11
India	3.908	4.050	3.863	4.222	4.56	4.88
Pakistan	2.633	2.649	2.428	2.307	2.20	2.27
East Asia & Australia	1.864	1.835	1.680	1.829	1.78	1.79
Europe & Turkey	2.084	1.744	1.409	1.550	1.48	1.49
Brazil	0.987	1.001	0.994	1.002	1.04	1.06
USA	1.074	0.998	0.781	0.754	0.78	0.74
CIS	0.681	0.664	0.596	0.607	0.59	0.58
Others	2.587	2.657	2.502	2.476	2.45	2.46
EXPORTS						
WORLD TOTAL	8.068	8.375	6.616	7.767	8.25	8.43
USA	2.821	2.968	2.887	2.621	3.41	3.09
India	0.960	1.530	0.515	1.420	1.01	1.00
Uzbekistan	0.980	0.900	0.630	0.790	0.83	0.76
CFA Zone	0.924	0.595	0.464	0.553	0.58	0.58
Australia	0.465	0.265	0.261	0.460	0.57	0.77
Brazil	0.283	0.486	0.596	0.433	0.53	0.75
IMPORTS						
WORLD TOTAL	8.147	8.396	6.526	7.712	8.25	8.43
China	2.306	2.511	1.523	2.374	3.20	3.64
East Asia & Australia	1.899	1.860	1.665	1.888	1.81	1.84
Europe & Turkey	1.340	1.081	0.861	1.174	0.91	0.95
Pakistan	0.502	0.851	0.417	0.336	0.37	0.17
CIS	0.322	0.271	0.239	0.219	0.17	0.16
TRADE IMBALANCE 1/ STOCKS ADJUSTMENT 2/	0.078	0.021	-0.090	-0.055	0.00	0.00
ENDING STOCKS						
WORLD TOTAL	12.782	12.225	11.942	8.867	9.21	11.22
China (Mainland)	3.653	3.321	3.585	2.937	2.71	3.45
USA	2.064	2.188	1.380	0.642	0.44	0.67
ENDING STOCKS/MILL USE (%)						
WORLD-LESS-CHINA(M) 3/	58	57	59	40	44	51
CHINA (MAINLAND) 4/	34	30	39	30	28	34
Cotlook A Index 5/	59.15	72.90	61.20	77.54	156*	

1/ The inclusion of linters and waste, changes in weight during transit, differences in reporting periods and measurement error account for differences between world imports and exports.

2/ Difference between calculated stocks and actual; amounts for forward seasons are anticipated.

3/ World-less-China's ending stocks divided by World-less-China's mill use, multiplied by 100.

4/ China's ending stocks divided by China's mill use, multiplied by 100.

5/ U.S.Cents per pound

* The price projection for 2010/11 is not based on the ICAC price model.

The projection is based on the average price for the first six months of 2010/11 and our judgement that during the rest of 2010/11 prices would remain close to the average recorded during the most recent month (January 2011).

(Source : ICAC Monthly February 2011)

SNIPPETS

According to a survey conducted by the Confederation of Indian Industry (CII), the Business Confidence Index (BCI) for the January-March 2010-11 period was reportedly marginally up at 68.7 as against 67.8 of the previous quarter. The prospect for the coming quarter is stated to appear even better.



The county's industrial output growth is reported to have fallen to 1.6 percent in December, the lowest in the last 20 months. The output growth during the previous month is stated to have been 3.6 percent. The fall in December was mostly due to the contraction in capital goods output, it is stated.



The Indian economy is likely to grow by an impressive 9.2 percent in the financial year 2010-11, the Centre for Monitoring Indian Economy (CMIE), said in the its latest review.

So far, real GDP has expanded by 8.9 percent in the first half of FY 11. In the quarter ended March 2010, real GDP grew by a 8.6 percent in the subsequent quarters, improved further to 8.9 percent in each quarter, CMIE said.

The economy is expected to perform even better in the second half of 2010-11 and real GDP is expected to grow by 9.7 percent during this period, it said.



UPCOUNTRY SPOT RATES

(Rs./Qtl)

Official quotations for standard descriptions with basic grade and staple in Millimetres based on Upper Half mean Length under By-law 66 (A)(a)(4)

SPOT RATES (UPCOUNTRY) 2009-10 CROP
February 2011

					12 th	14 th	15 th	16 th	17 th	18 th	
04.	ICS-103	23mm	Jayadhar	4.0-5	19		N.A.	N.A.	N.A.	N.A.	
2010-11 CROP											
01.	ICS-101	Below 22mm	Bengal Deshi (RG)	5.0-7.0	15	H	14060 (50000)	14060 (50000)	M	14144 (50300)	14144 (50300)
02.	ICS-201	Below 22mm	Bengal Deshi (SG)	5.0-7.0	15	O	14229 (50600)	14229 (50600)	A	14285 (50800)	14285 (50800)
03.	ICS-102	22mm	V-797	4.5-5.9	19		12935 (46000)	13216 (47000)	R	13076 (46500)	13357 (47500)
05.	ICS-104	24mm	Y-1	4.0-5.5	20	L	14622 (52000)	14622 (52000)	K	14622 (52000)	14904 (53000)
06.	ICS-202	25mm	J-34	3.5-4.9	23	I	16169 (57500)	16169 (57500)	E	16169 (57500)	16310 (58000)
07.	ICS-105	25mm	NHH-44	3.5-4.9	22		N.A.	N.A.	T	N.A.	N.A.
08.	ICS-105	27mm	LRA-5166	3.5-4.9	24	D	16169 (57500)	16028 (57000)	C	16028 (57000)	16169 (57500)
09.	ICS-105	28mm	H-4/ MECH-1	3.5-4.9	25		16450 (58500)	16310 (58000)	L	16310 (58000)	16450 (58500)
10.	ICS-105	29mm	S-6	3.5-4.9	26	A	16591 (59000)	16450 (58500)	O	16310 (58000)	16591 (59000)
11.	ICS-105	31mm	Bunny/ Brahma	3.5-4.9	27	Y	17153 (61000)	17013 (60500)	S	16872 (60000)	17013 (60500)
12.	ICS-106	33mm	MCU-5/ Surabhi	3.3-4.5	28		17716 (63000)	17575 (62500)	E	17575 (62500)	17716 (63000)
13.	ICS-107	35mm	DCH-32	2.8-3.6	31		23340 (83000)	23199 (82500)	D	22918 (81500)	23199 (82500)

Note: Figures in bracket indicate prices in Rs./candy)